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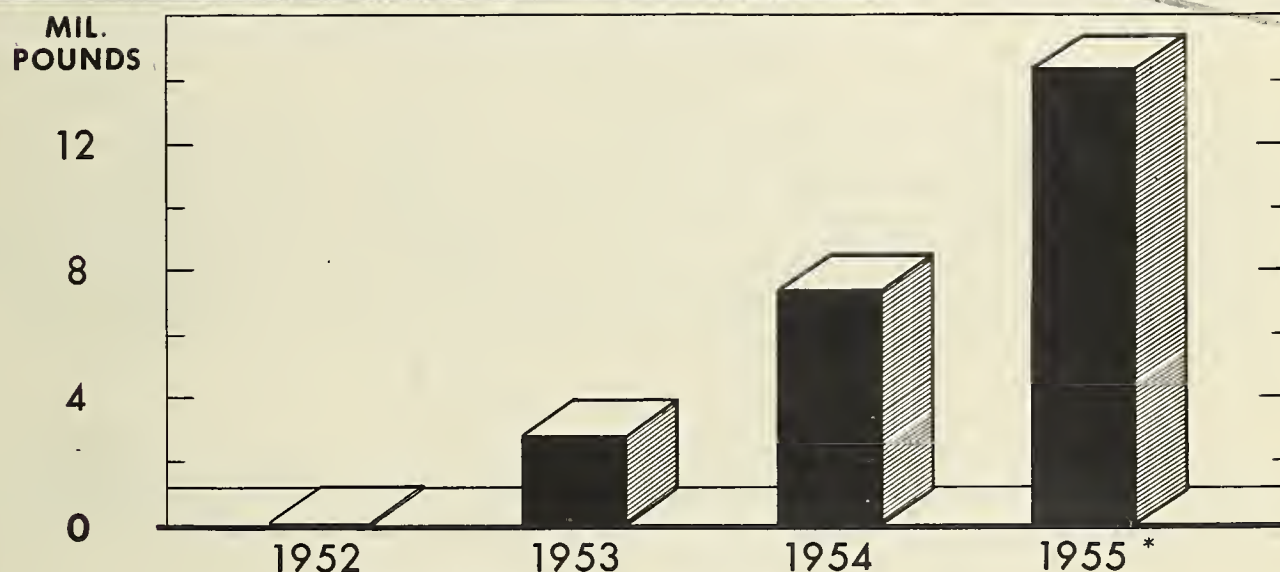
UNITED STATES DEPARTMENT OF AGRICULTURE  
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## GERMAN MARKET FOR MEAT PRODUCTS

### FROZEN VARIETY MEATS U. S. Exports to Federal Republic of Germany



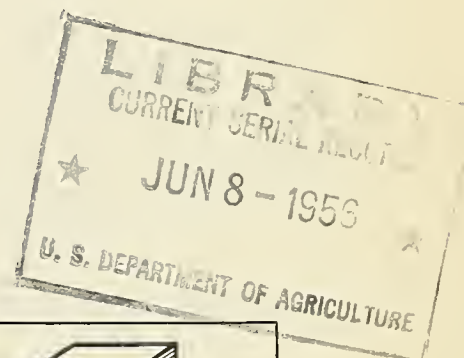
VIRTUALLY ALL WERE PORK KIDNEYS AND BEEF AND PORK LIVERS  
\* PARTLY ESTIMATED

USDA

FAS-NEG. 762

Germany has been importing increasing quantities of frozen livers and kidneys from the United States. However, dollar imports have not been liberalized. Importers must pay substantial premiums to obtain dollars to purchase supplies in the United States. Tariffs and Equalization Turnover Taxes are applicable for these products and they are subject to rigid sanitary inspection.

If controls on dollar trade were relaxed, United States shipments of pork and edible variety meats (beef and pork) to Germany would increase substantially.





## THE GERMAN MARKET FOR MEAT PRODUCTS 1/

### Import Controls Generally Apply

Since the end of World War II the Republic of Germany has striven to become self-sufficient in meats. Imports have been controlled by a system of strict licensing. Although domestic meat production has been increasing steadily, meat prices are relatively high and per capita consumption has not yet reached prewar levels.

Imports of meat have been closely controlled both from dollar areas and from other areas of the world. When the government decides to permit imports, it publishes an "import announcement" specifying the commodities to be imported, the source of the imports, quality specifications and delivery dates. License applications are then submitted by importers and, if approved, lead to final contracts. Announcements are usually on an indefinite basis with the total volume and duration of the program not stated.

### U. S. Exports Increase

In recent months import announcements have been made at fairly frequent intervals for hog livers, hog kidneys, and beef livers from the United States. This has been a small but increasing trade. United States exports of edible offals to Germany in 1952 amounted to only 67,000 pounds but increased to 2,763,000 in 1953 and 7,339,000 in 1954. Exports in the first 11 months of 1955 totaled 13,183,000 pounds. In recent years Germany has also imported small amounts of canned and other meat products from the United States, moderate amounts of fat back and large quantities of lard.

Meat imports from other countries have also been closely controlled. Imports of meat from all countries in 1954 totaled around 136 million pounds (carcass weight) compared with 162 million in 1953 and 100 million in 1952. Imports in prewar averaged 156 million pounds a year.

Dollar allocation for imports of variety meats (liver, kidneys, etc.) has not been liberalized. Importers must pay substantial premiums for dollars needed to purchase supplies in the United States. In addition, tariffs and the Equalization Turnover Taxes are applicable for these products and they are subject to rigid inspection by German veterinarians.

### Foreign Competition for the Market

Germany's principal suppliers of beef during the first half of 1955 were Denmark, France and Ireland. Smaller amounts were brought in from Argentina, The Netherlands, and a few other countries. The principal sources of imported pork were Denmark, and The Netherlands, with smaller quantities shipped in from Belgium, France, Finland, Poland and a few other countries.

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1/ Prepared by Grover J. Sims on the basis of a first hand study in Germany.

During the first half of 1955 Germany obtained most of its imported variety meats from Denmark, but the United States was the second largest supplier. The Netherlands was the other large source, and Belgium, Great Britain, Ireland, and Sweden supplied most of the remainder. The small imports of canned meat were shipped in mainly from Yugoslavia, The Netherlands, Argentina, France, Denmark, and the Union of South Africa.

Imports of live animals for slaughter were larger than imports of meat during the first half of 1955. Denmark is the largest exporter of cattle and calves to Germany. France and The Netherlands were the next most important shippers. Denmark, Sweden, and Hungary supplied practically all the hogs imported.

#### Per Capita Meat Consumption Low

Per capita consumption of meat in the original territory of Germany was estimated at an average of 113 pounds in prewar. Consumption in the present territory of Western Germany fell to the low level of 79 pounds per person during 1950 but has steadily increased to 96 pounds in 1954. Consumption in 1955 continued upward but did not reach the prewar level.

#### Inspection Procedures Increase Importer's Costs

All frozen livers and kidneys imported from the United States must be thawed for veterinary inspection. Formerly the only two inspection centers were Bremen and Hamburg, but now they may be inspected at 8 other points - Essen, Cologne, Luncen-Gladback, Offenbach, Luncen, Muerenberg, Augsburg and Berlin. This change in the inspection procedure was made at the request of the Foreign Agricultural Service and interested German importers who found that the inspection procedures were delaying the movement of these products in distribution channels.

Veterinary regulations require that the lymph glands remain on the livers at the time of inspection. In the United States it is customary for the glands to be removed in the packinghouse. Therefore, any shipments prepared for export to Germany must be specially prepared at the time the animals are slaughtered.

The German importers complain that the requirement that the offals be thawed for inspection and that the glands be present are unnecessary. Considerable labor is required to open the boxes and separate the offals into individual pieces to be viewed by the inspectors. After the inspection, they have to be refrozen with a deterioration in their quality or must be processed into sausage within a short period. The thawing process results in shrinkage, and the products are not attractive if repacked in the old boxes. Importers have to pay the freight on the glands which are of little or no use to them and bear the cost of trimming them off before use. The importers believe that after they have undergone the thorough inspection given them by the Federal Meat Inspection of the United States the German inspectors should pass the products for entry after sample inspection.



### Dollar Shortage Limits Imports from U.S.

German importers receive some dollars from the proceeds of the sale of meat products to U.S. commissaries in Germany which supply meat products to servicemen and their dependents stationed abroad. These dollars are allocated to importers. In addition to this money, importers buy premium dollars in the money markets. The rate for these dollars in late 1955 was around 16 percent.

According to the Quartermaster Corps U.S. troops stationed abroad and fed in Army messes are supplied with meat products brought in from the United States. However, personnel not eating at a military establishment and their dependents generally hold commissary cards. They may also purchase products in German stores if it is to their advantage to do so. The commissaries are set up to provide food at low cost to servicemen and their families. If prices in the commissaries are not in line with comparable products in local stores, there is no advantage in the servicemen buying from them. The commissaries are not able to sell United States products at prices above comparable products obtained from other sources.

### Import Duties and Taxes

Imports of meat products in Germany generally are also subject to import duties and Equalization Turnover Taxes which have the same affect on imports as a tariff. Effective December 10, 1955, the import duty for members of GATT on hog livers for the four months January 1 - April 30 was reduced from 7 to 5 percent ad valorem, the duty on cattle livers was reduced from 15 to 5 percent, and the rate on kidneys and other offals from cattle and hogs was reduced from 15 or 20 percent to 10 percent. For hog livers the Equalization Turnover Tax amounts to 4 percent of the c.i.f. value plus the duty, and for hog kidneys it is 7 percent of the c.i.f. value plus the duty. The import duty on canned pork is 22 percent ad valorem, and there is a 6 percent Equalization Turnover tax. The import duty on fresh or frozen pork is 16 percent. The duty on salted pork is 26 percent.

### Prices of U.S. Products Favorable

The controls, as enumerated above, prevent imports of meat products from the United States although prices of many pork cuts and variety meats of pork and beef could be exported to Germany at current prices. If controls on imports were removed for European countries as well as dollar areas, there would be a flood of meat products reaching Germany, and United States exporters would face direct competition against other European countries for a share of the enlarged market.

There is a definite limitation on the quantity of fresh or frozen meat products that may be imported by Germany due to the fact that there is little refrigeration in homes and stores, and the facilities for the distribution of frozen foods are poorly developed. Frozen variety meats now being imported from the United States are manufactured into sausages or other processed

products for which there is a very large market within the country. There is a demand for still more of these variety meat products and sausage trimmings for this use, including hearts, tongues, lungs, brains and these items could be exported from the United States if the trade were not controlled.

There is also a strong demand for fresh or frozen pork items for curing and smoking, such as bellies, shoulders and hams. During November 1955 Belgian fresh sow bellies were quoted at the equivalent of 27 to 31 cents per pound in Hamburg. In early January 1956 these products in frozen form could be purchased at Chicago for 8 to 11 cents per pound, and could be transported to Hamburg at a total cost of less than 13 to 16 cents per pound. The import duty would be 16 percent of the c.i.f. value and the Equalization Turnover Tax (4 percent of the c.i.f. value plus the duty) would apply. Thus, the delivered price for United States bellies, duty paid in Hamburg, would be around 16 to 19 cents per pound compared with the 27-31 cents for imports from Belgium. Frozen pork items are commonly defrosted, cured and smoked with little or no change in the character of the finished products from that prepared from fresh products.

The attached tables show a number of other items which could be shipped to Germany if the import restrictions were modified or eliminated. The price quotations for Chicago are for frozen products while the quotations for Germany are on a fresh basis unless otherwise specified. The relatively wide spread between prices of fresh and frozen hog livers illustrates the price effects of the limited outlets for frozen products in Germany. The spread between prices of fresh and frozen products in Germany must be considered in comparing prices between Germany and the United States.



Wholesale Prices of Meat Products At  
Hamburg and Munich, Germany and Chicago

| Item   | Average wholesale<br>prices Hamburg<br>mid-November 1955 | Average wholesale<br>prices, comparable<br>products, Chicago<br>January 6, 1956 |
|--|--|---|
| - - - - - cents per pound - - - - -  |  |   |
| <u>Hog Carcasses and Cuts</u>  |  |   |
| Hams   | 43- 44   | 28 - 37   |
| Shoulders  | 35 - 38  | 14 - 18   |
| Trimmed bellies  | 34 - 35  | 7 - 19  |
| Boneless loins   | 48   | 50  |
| Bacon  | 41   | 10 - 19   |
| Hog sides from N. German country<br>slaughterhouses at R.P. cars or trucks         | 35   |   |
| Danish sows converted to meat<br>equivalent, Kiel or Lubeck                        | 33   |   |
| Belgian sow bellies, fresh or frozen,<br>av. wt. 15 Kilo. at Hamburg               | 27   | 8 - 9   |
| Belgian sow bellies, fresh or frozen,<br>av. wt. 7-9 Kilo. at Hamburg              | 31   | 10 - 11   |
| <u>Pork variety meats and trimmings</u>  |  |   |
| Sausage trimmings  | 11   | 9   |
| Cheek meat   | 18 - 19  | 16  |
| Fat trimmings  | 7 - 8  |   |
| Fat back for processing into sausage   | 14   |   |
| Imported, duty paid, inspected, Hamburg:   |  |   |
| Fresh hog livers Denmark   | 52   |   |
| Frozen hog livers, U.S.  | 30   |   |
| Frozen hog kidneys, U.S.   | 25   |   |
| <u>Frozen beef front quarters for processing<br/>at N. German slaughter plants</u> | 21   | 22 - 27   |
|  | <u>Munich</u>  | <u>Chicago</u>  |
| <u>Pork variety meats</u>  |  |   |
| Livers, German production  | 54   | 9 - 10  |
| Kidneys, German production   | 46   | 6 - 7   |
| Hearts   | 41   | 9   |
| Tongues  | 46   | 11 - 17   |
| Brains   | 33   | 6 - 7   |
| Pork, lungs (Denmark)  | 15   | -   |
| Pigs feet*   | 6 - 7  | 4 - 5   |
| Belts*   | 5  | 5   |
| <u>Beef variety meats</u>  |  |   |
| Hearts   | 27   | 10 - 13   |
| Brains   | 28   | 4 - 5   |
| Ox tails   | 30   | 10 - 12   |
| Tongues  | 50   | 21 - 27   |
| Tripe, cooked  | 7  | 5 - 6   |
| Lungs  | 9  | 5   |
| Liver*   | 23 - 41  | 15 - 22   |
| Belts*   | 5  | 5   |

\* Prices at Bremen, November 28, 1955.



United States Exports of Meat Products to  
Western Germany, 1950-1955

| ITEM                               | 1950    | 1951   | 1952         | 1953   | 1954   | Jan.-<br>Nov.<br>1955 | Rank of<br>Germany as<br>export market<br>during 1954 |
|------------------------------------|---------|--------|--------------|--------|--------|-----------------------|---|
|                                    |         |        | 1,000 pounds |        |        |                       |   |
| <b>Animal Fats and Oils</b>        |         |        |              |        |        |                       |   |
| Lard                               | 126,520 | 31,488 | 95,812       | 34,316 | 49,583 | 58,294                | 3   |
| Oleo oil, edible                   | -       | -      | -            | -      | -      | -                     | -   |
| Oleo stock, edible                 | -       | -      | -            | -      | 55     | -                     | 7   |
| Tallow, edible                     | 262     | -      | 1,024        | 66     | -      | 120                   | -   |
| Shortenings (animal fat)           | -       | -      | -            | -      | 4      | -                     | 5   |
| <b>Meat Products</b>               |         |        |              |        |        |                       |   |
| <b>Beef and Veal:</b>              |         |        |              |        |        |                       |   |
| Fresh or frozen                    | neg.    | -      | -            | -      | 11     | 60                    |   |
| Canned                             | 1       | -      | -            | 3,502  | 2,565  | -                     |   |
| Pickled or cured                   | -       | -      | -            | -      | -      | -                     |   |
| Total Beef and Veal                | 1       | -      | -            | 3,502  | 2,576  | 60                    |   |
| <b>Pork:</b>                       |         |        |              |        |        |                       |   |
| Fresh or frozen                    | -       | -      | 3,581        | 1,421  | 503    | 1,279                 |   |
| Hams & shoulders, cured or cooked: | -       | -      | -            | -      | -      | -                     |   |
| Bacon                              | 2,013   | 5,383  | 14,370       | 139    | 33     | -                     |   |
| Other pickled, salted or cured     | -       | 345    | 10,309       | 34,097 | 11,343 | 12,783                |   |
| Hams and shoulders canned          | neg.    | -      | -            | 4      | -      | -                     |   |
| Other pork, canned                 | -       | -      | -            | 6      | -      | -                     |   |
| Total Pork                         | 2,013   | 5,728  | 28,260       | 35,667 | 11,879 | 14,062                |   |
| Lamb and mutton (except canned)    | -       | -      | -            | -      | -      | -                     |   |
| Sausage, bologna & frankfurters    | -       | -      | -            | -      | -      | -                     |   |
| Except canned                      | 2       | -      | -            | -      | -      | -                     |   |
| Canned                             | 22      | -      | -            | -      | -      | -                     |   |
| Canned meat products n.e.c.        | 16      | -      | -            | -      | 2      | 2                     |   |
| Baby food, meat                    | -       | -      | -            | -      | 1      | -                     |   |
| Total Meat                         | 2,054   | 5,728  | 28,260       | 39,169 | 14,458 | 14,064                |   |
| Variety meats                      | -       | -      | 67           | 2,763  | 7,389  | 13,188                |   |
| <b>Other Livestock Products:</b>   |         |        |              |        |        |                       |   |
| Sausage casings, hog, natural      | 350     | 297    | 206          | 174    | 195    | 1,079                 | 8   |
| Other natural casings              | 642     | 368    | 269          | 779    | 2,132  | 2,575                 | 2   |
| Cattle hides (1,000 pieces)        | 13      | 0      | 4            | 83     | 760    | 655                   | 4   |
| Calf and kip skins (1,000 pieces)  | 15      | 5      | 5            | 53     | 342    | 607                   | 4   |

Meat 1/ Production in Western Germany  
1948-50 average and annually 1952-54

| Year  | Beef and<br>Veal                   | Lamb and<br>Mutton | Pork  | Total <u>2/</u><br>meat |
|---|------------------------------------|--------------------|-------|-------------------------|
|   | - - - - - million pounds - - - - - |                    |       |                         |
| 1948-50   | 1,060                              | 45                 | 1,530 | 2,700                   |
| 1952  | 1,470                              | 33                 | 2,850 | 4,430                   |
| 1953  | 1,722                              | 45                 | 2,848 | 4,684                   |
| 1954 <u>3/</u>                                  | 1,836                              | 39                 | 2,925 | 4,870                   |
| Percentage change<br>1948-50 average<br>to 1954 | + 73                               | + 13               | + 91  | + 80                    |

1/ Carcass meat basis - excludes offal and lard.

2/ Includes horsemeat in addition to types shown in other columns.

3/ Preliminary.

Per Capita Meat Consumption in Western Germany, Prewar  
1948-50 Average and Annually 1952-54

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| <u>Year</u>      | <u>Pounds</u> |
|------------------|---------------|
| Prewar <u>1/</u> | 113           |
| 1948-50 average  | 61            |
| 1952             | 93            |
| 1953 <u>2/</u>   | 93            |
| 1954 <u>2/</u>   | 96            |

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1/ Prewar territory

2/ Preliminary



Number of Livestock on Farms in Western Germany  
December 1, 1935-39 Average  
1945-49 and by years 1951-54

| Item            | Averages |         | 1951   | 1952   | 1953 1/ | 1954 1/ |
|-----------------|----------|---------|--------|--------|---------|---------|
|                 | 1935-39  | 1945-49 |        |        |         |         |
|                 | 1,000    | 1,000   | 1,000  | 1,000  | 1,000   | 1,000   |
| All cattle      | 12,114   | 10,831  | 11,375 | 11,641 | 11,641  | 11,521  |
| Milk cows       | 5,990    | 5,507   | 5,804  | 5,822  | 5,863   | 5,777   |
| Hogs            | 12,660   | 12,686  | 13,603 | 12,979 | 12,435  | 11,525  |
| Sheep and lambs | 1,889    | 2,274   | 1,666  | 1,544  | 1,352   | 1,226   |
| Horses          | 1,542    | 1,596   | 1,455  | 1,360  | 1,271   | 1,172   |

1/ Preliminary

2/ Official statistics; may be underestimates of actual numbers.

Calculation of the Principal Cost Items in Exporting  
Frozen Variety Meats to Germany  
(Dollars per 100 pounds)

| Item  | Pork Kidneys | Pork Livers | Beef Livers<br>regular |
|---|--------------|-------------|------------------------|
| Chicago wholesale price frozen products<br>January 6                            | 6.625        | 9.50        | 15.0                   |
| Freight to New York   | .0094        | .0094       | .0094                  |
| Ocean freight to Bremen or Hamburg  | 3.30         | 3.30        | 3.30                   |
| Approximate cost c.i.f. Bremen or<br>Hamburg                                    | 9.9344       | 12.8094     | 18.3094                |
| Premium for dollars to make importations<br>(16 percent of the c.i.f. value)    | 1.5895       | 2.0495      | 2.9295                 |
| Import duty (ad valorem)  | (10%) .9934  | (5%) .6405  | (5%) .9155             |
| Equalization Turnover Tax (varying<br>percentages of c.i.f. value<br>plus duty) | (7%) .7649   | (4%) .5380  | (4%) .7690             |
| Total of cost items shown   | 12.2822      | 16.0374     | 22.9234                |

